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CPYRGHT

## Gains From Russian Grain Deal

A CLOSE LOOK at the largest long term purchase in the history of nations suggests that the grain deal with Russia is far more important than the question of whether or not Mr. Clarence Palmby, the Agriculture Department official who tipped off the big grain companies to an impending price rise was guilty of conflict of interest.

"We have many treasures in Russia," said Mr. Brezhnev to our Secretary Peterson, "and we would like to exchange them for things which we need." No promise was implied to tell us what he needed until the last possible moment, which was one reason why some American farmers got gouged on the wheat deal. But we do know that Russia's current five-year plan calls for an enormous increase in meat consumption, which means Brezhnev will be ordering more feed grains, and as tourist Peterson discovered in his survey of Moscow department stores the Russian need for consumer goods can hardly be understated.

THEREFORE the only limit to possibilities for future trade is the extent of the "treasures" which Mr. Brezhnev can export in return. The Russians have platinum; they have wood; they have oil; most important, they have natural gas in which this country is in increasingly short supply.

Here, there is a difficulty because before Brezhnev can export natural gas, he must build a pipe line over vast and frozen country. But American firms, Texas Eastern, Tenneco and El Paso think they can do it and are now negotiating for the job.

Brezhnev wants an enormous and direct loan from the United States government to pay for the pipe line. Peterson has explained that this country doesn't work that way and has suggested the possibility of a mix of government and private financing to handle the project's unprecedented cost. Peterson is cautious about predicting immediate bonanzas. But in the long run what Democrats are now condemning as scandalous may go down in the his-

tory books as one of the Nixon administration's most important achievements.

Was it worth the cost? Peterson counters the argument that American consumers will now pay more for bread and meat by pointing to a \$200 million tax saving in grain storage and subsidy, generally increased income for the farmer as the wheat deal is followed by purchases of corn, increased sales for the mechanical industry which supports the farm, and an improvement in the nation's balance of payments. Also, if future trade materializes, Russia will be buying machinery and consumer goods. We will be buying raw materials. From our standpoint, there will be a net import of jobs.

THE WHEAT purchase proves that the Russians will deal with sharpness. No real estate purchaser with a shopping center in mind ever picked up single lots with more finesse than the Russians picked up U.S. wheat while the Department of Agriculture sat by in su-

pine ignorance. Nearly a billion dollars worth of wheat and feed grains had been snapped up before a bureaucracy accustomed for thirty years to supporting farm prices woke up to the law of supply and demand.

There was also a failure of intelligence. One might suppose that with thousands of Washington experts studying the Soviet Union, one of them might have pointed out that the spring wheat crop was a disaster and that it was awfully hot in Moscow in the summer of 1972. But nobody did, or at least if anybody did, nobody noticed. The tendency of official Washington not to listen to information it spends millions to obtain was once summed up by the late Allen Dulles who cited CIA's early warnings on the first Russian Sputnik: "The facts," he recalled, "didn't seem to have any impact."

In any event, we are witnessing a breakthrough in trade which may make the regret of short-changed farmers a fleeting prelude to profit.

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